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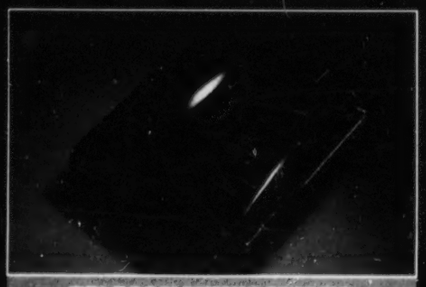
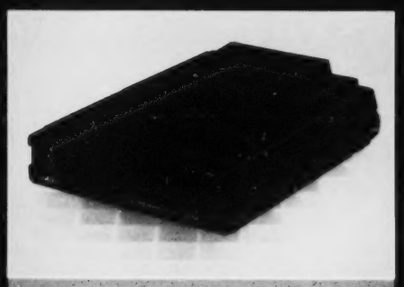
BUSINESS IDEAS FOR TODAY'S RETAILERS AND DISTRIBUTORS
GORDON PUBLICATIONS — 25th ANNIVERSARY YEAR
DECEMBER 1986



TELECOMMUNICATIONS

Fashion designs and pastel tones are fueling a colorful comeback for cordless telephones.



MOBILE ELECTRONICS

How radar detectors are writing a big ticket for dealers this Christmas.

THE

APPLIANCE

Source

APPLIANCES

MART's 1987 Appliance Source — the first comprehensive reference guide to the industry.

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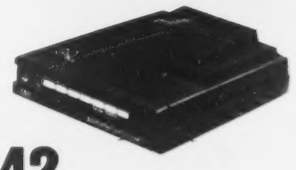

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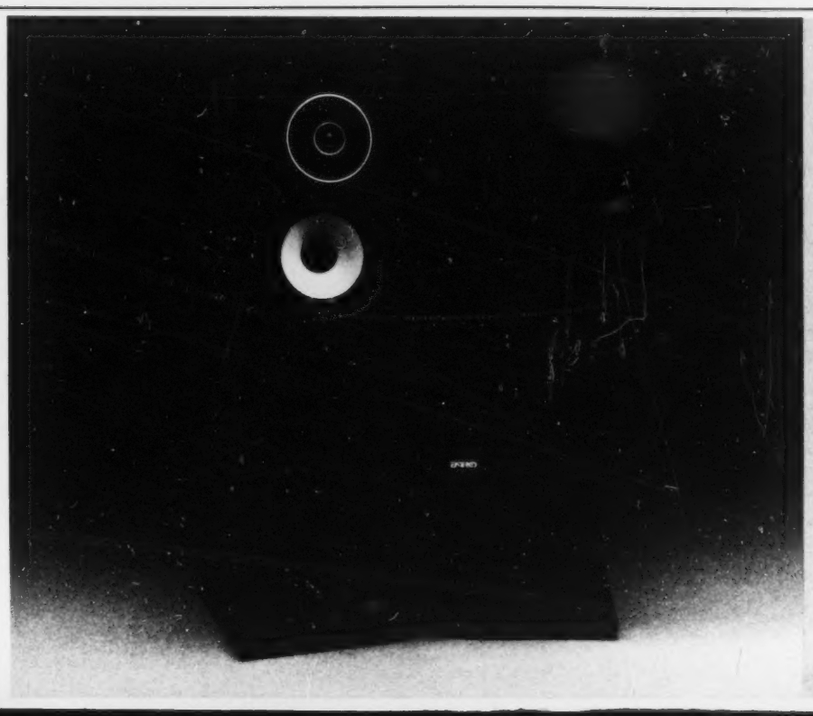

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THE APPLIANCE Source 1987

. . . for retailers of major appliances

WELCOME

Sharing in the pride

With the possible exception of travel, I can think of no other industry experiencing as much internal and external consolidation, reorganization and re-alignment during a single year as did the manufacturers and distributors of household durables.

There is no need here to be specific, as many have documented the events over the past months in major home appliances. To those who constantly deal with these firms, however, keeping up with the echelon of command has been critical; knowing who the 'right' contact is and knowing when to make it.

The Appliance Source is more than just a compilation of names and photos. As you page through your copy, you'll see an industry hard at work making the very best equipment to install in your home, and doing it in conjunction with all the necessary liaisons. Raw material such as steel, rubber, plastics, specialty items such as motors, switches and controls, research and development from foreign and domestic labs; virtually every one has contributed something of value to help achieve this standard of excellence.

But more than any other ingredient found among the faces, names and advertisements is *Pride!* Pride in the way they make their products, package them, promote and sell them. Pride makes gleaming white refrigerators, sophisticated microwaves. It makes dishwashers and laundry equipment last longer than any coat of paint on the house. And unlike the auto industry, which thrives on early replacement of their annual commodity, the major home appliance industry strives to offer its array of products with guarantees that equal or better the expectations of customers.

Knowing who these people are, learning what is most important about their daily business routine, is why The Appliance Source was compiled. MART is delighted to share the pride.

Elaine R. Jorrey

Elaine R. Forrey
Publisher

A MESSAGE FROM AHAM

Living in interesting times

by Bob Holding

Is the major appliance manufacturing industry experiencing a year of unprecedented change? That is a question frequently posed to AHAM these days.

My response is: "If it isn't, I'm glad I missed the year that had more changes!"

This industry *is* experiencing profound changes, the ramifications of which will continue to unfold over the next few years.

Actually, I believe that the industry is now in the "calm before the next storm." Company management teams — some of them new — are digesting their respective internal situations and assessing the new competitive environment that is emerging from recent industry consolidations and new corporate parents.

The next "storm," if you will, will come with the emergence of unique and different strategies for this newly aligned industry.

The result will be excitement in the industry of the best kind. I predict exciting and saleable features achieved through aggressive marketing to establish brand positioning, and innovative advertising that will bring consumers on the retail floor in response to a new array of appliance values.

This renaissance of the industry could not be timed any better:

- The appliance replacement market should remain strong, as the existing major appliance population reaches normal retirement age in greater numbers, thus providing more replacement opportunities than ever before. Many consumers will continue to replace their worn, well-used appliances.
- Within the next 10 years, three-quarters of "baby boomers" will be married, most will have children and two-thirds will be homeowners. As a result, nearly 19 million *new* households will be established.
- Favorable economic conditions including low inflation rates and low interest and mortgage rates, if they continue, will inspire consumer confidence and stimulate both home resales and new home construction.
- Kitchen remodeling continues to grow. A near-record 3.9 million kitchens were remodeled just this year. Fueling this remodeling is the fact that a greater number of residences are aging. This remodeling boom involves the replacement or addition of one or several home appliances, usually more fully featured than the products being replaced.

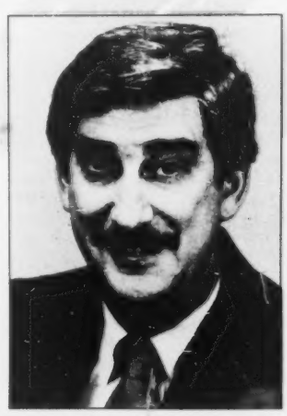
Appliance manufacturers are exceptionally good at both manufacturing and marketing. These favorable conditions just cited and the demands of competition will make them even better.

You can count on appliance manufacturers making even greater use of the breakthroughs in manufacturing processes that are so abundant now. Flexible manufacturing systems, computer-aided product design and manufacturing systems and improved quality control techniques will all continue to be more fully employed. The result will be unprecedented manufacturing efficiencies and improved product quality.

Distribution is also affected. The consolidations we have seen in the past few years will inevitably influence how appliance manufacturers go to market. Emerging markets will be attacked and efficiency opportunities exploited.

All of these new industry directions will help maintain our unique "value story" on through the '80s. Home appliance prices increased only 84.7 percent during the 19-year period from 1967 to 1985, while prices for "all items" increased over 222 percent. In fact, the consumer price index (CPI) shows that household appliance prices actually *dropped* 4.2 percent from 1984 to 1985.

I understand that the ancient Chinese phrase: "May you live in interesting times!" was intended as a curse, not a blessing. Well, we who are a part of the home appliance industry are, indeed, living in interesting times today. Each of us must decide whether the times are a curse . . . or a blessing. Personally, I'll opt for "blessing!" □



(Bob Holding is president of the Chicago-based Association of Home Appliance Manufacturers.)